

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 SAM-01 CIAE-00 DODE-00 PM-03 H-02

INR-07 L-02 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15

USIA-06 SSC-01 NIC-01 ACDA-05 TRSE-00 SAJ-01 FRB-03

OMB-01 EB-07 IO-10 AF-06 /093 W

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R 311656Z MAR 75

FM AMEMBASSY LISBON

TO SECSTATE WASHDC 2313

INFO AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

USMISSION EC BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY HELSINKI

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY MADRID

AMEMBASSY OSLO

AMEMBASSY PARIS

USMISSION OECD PARIS

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

AMEMBASSY THE HAGUE

USMISSION NATO

AMEMBASSY VIENNA

AMCONSUL OPORTO

AMCONSUL PONTA DELGADA

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E.O. 11652: N/A

TAGS: ECON, PO

SUBJ: FLAVOR OF NEW ECONOMIC MINISTRIES

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REF: LISBON 1746

SUMMARY: GOP'S NEW ECONOMIC TEAM IS EXPECTED TO MOVE QUICKLY TOWARD CONSOLIDATING AND EXTENDING ECONOMIC REFORM. AS A HOMOGENOUS GROUP HAVING THE EAR OF THE PRIME MINISTER AND IDEOLOGICALLY IN TUNE WITH THE ASCENDANT LEFT, THEY SHOULD FIND IT EASIER TO ACT THAN DID THEIR PREDECESSORS. END SUMMARY.

1. ANALYZING THE NEW GOVERNMENT, EXPRESSO OF MARCH 28 EXPECTS THE GOP'S NEW ECONOMIC TEAM TO PRODUCE FAR REACHING REFORMS (E.G., AGRARIAN) IN KEEPING WITH THE "REVOLUTIONARY SPIRIT OF MARCH 11." THIS TEAM CONSISTS OF THE FOLLOWING MINISTRIES: PLANNING AND ECONOMIC COORDINATION (MURTEIRA), INDUSTRY AND TECHNOLOGY (CRAVINHO), FINANCE (FRAGOSO), AGRICULTURE (BAPTISTA), AND FOREIGN TRADE (SILVA LOPES).

2. AS THE MOST IMPORTANT CHARACTERISTICS OF THE NEW TEAM, EXPRESSO SINGLES OUT IDEOLOGICAL COHESION AND ACCESS TO THE PRIME MINISTER, BOTH OF WHICH WILL ENABLE IT TO WORK FASTER AND MORE EFFECTIVELY THAN ITS PREDECESSORS.

3. IDEOLOGICALLY, EXPRESSO SEES THE TEAM FOLLOWING THE IDEAS OF MDP/CDS (COMMUNIST FELLOW TRAVELERS), INASMUCH AS THREE OF ITS MEMBERS, INCLUDING PRIMUS INTER PARES MURTEIRA, BELONG TO THAT PARTY, AND A FOURTH, GRAVINHO, HAS SIMILAR IDEAS. ONLY SILVA LOPES IS CONSIDERED SOMEWHAT OF AN OUTSIDER, RETAINED BECAUSE OF HIS SKILL AS A TECHNICIAN AND HIS EXPERIENCE WITH FOREIGNERS.

4. ACCESS TO THE PRIME MINISTER IS ASSURED BOTH THROUGH MURTEIRA AND PEREIRA DE MOURA (MINISTER WITHOUT PORTFOLIO), THE PRIME MINISTER'S CLOSEST ECONOMIC ADVISERS.

5. THE FIRST REMARKS MADE TO THE PRESS BY THE NEW ECONOMIC MINISTER TIE THEM CLOSELY TO IDEAS EXPRESSED BY PRIME MINISTER IN HIS SPEECH OF MARCH 26 (SEE REFTEL). THE MORE IMPORTANT OF THEIR PRESS STATEMENTS ARE AS FOLLOWS:

A. MURTEIRA - MUCH OF HIS INITIAL EFFORTS WILL BE DEVOTED TO SETTING UP THE ADMINISTRATIVE MACHINERY NEEDED TO CONSOLIDATE LIMITED OFFICIAL USE

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ADVANCES ALREADY ACHIEVED. INCLUDED IS A NEW SERVICE TO DEFINE STRATEGIES ON FOREIGN INVESTMENT IN PORTUGAL. HE WILL BE GIVING SPECIAL ATTENTION TO FOREIGN ECONOMIC RELATIONS, WHERE POLICY WILL BE ORIENTED TOWARD THE THIRD WORLD WITHOUT PREJUDICING TIES TO WESTERN CAPITALISTS OR OPENINGS WITH SOCIALIST COUNTRIES. ON FOREIGN RELATIONS MATTERS HE INTENDS TO WORK CLOSELY WITH FOREIGN MINISTER MELO ANTUNES.

B. FRAGOSO - HE STRESSED THE USE OF THE NATIONALIZED CREDIT APPARATUS TO "NORMALIZE ECONOMIC LIFE" AND BENEFIT THE PEOPLE. HE OFFERED THE SUPPORT OF CREDIT INSTITUTIONS TO PRIVATE ENTERPRISES THAT CARRY OUT NATIONAL OBJECTIVES.

C. CRAVINHO - NOTING THAT NO ONE CAN PERFORM MIRACLES, HE ESTABLISHED AS PRIORITY OBJECTIVES PUTTING MONOPOLY CAPITAL TO THE SERVICE OF THE WORKING CLASS AND RESOLVING PROBLEMS INHERITED FROM THE FASCISTS.

D. BAPTISTA - HE LIMITED HIMSELF TO NAMING THREE OBJECTIVES: INCREASING AGRICULTURAL PRODUCTION, RESTRUCTURING SERVICES, AND ADOPTING A POLICY TO FAVOR IMMEDIATELY THE MOST DISADVANTAGED CLASSES.

E. SILVA LOPES - HE CONFINED HIS REMARKS TO THE IMPORTANCE FOREIGN TRADE HAS TO PORTUGAL'S ECONOMY AND THE NEED FOR MEASURES THAT WILL IMPROVE THE BALANCE OF PAYMENTS.

6. COMMENT: EXPRESSO'S ANALYSIS CLOSELY PARALLELS OUR INITIAL IMPRESSIONS OF THE NEW ECONOMIC TEAM. WE SEE MURTEIRA AS THE MAN CALLING ITS TUNE WITH ONLY SILVA LOPES, AND POSSIBLY CRAVINHO AT TIMES, LIKELY TO OFFER ANY KIND OF INDEPENDENCE. HAVING NEVER CLOSELY OBSERVED MURTEIRA IN ACTION IN A RESPONSIBLE POSITION, WE FIND IT DIFFICULT TO PREDICT HOW CLOSELY HE WILL TOE THE COMMUNIST LINE. HOW MUCH THIS REPUTEDLY AMBITIOUS AND OPPORTUNISTIC MAN IS USING THE LEFT TO FURTHER HIS OWN ENDS AND TO WHAT EXTENT HE IS COMMITTED TO LEFTIST IDEALS ARE NOT AT THIS JUNCTURE APPARENT.  
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## Message Attributes

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